

# Factors of Production

Do Now! 1/12

Explain why scarcity is a basic problem faced by all societies and how it forces societies to make choices.

# Two branches of Economics

- **Macroeconomics**
  - “Looking at the whole team rather than the player”
  - Decision making for the whole economy.
    - Nationwide, statewide measures
- **Microeconomics**
  - “looking at the player rather than the whole team”
  - Decision making of individuals, families, or businesses
    - A single market

# Resources

- With your partners
- Choose two goods in the class
- Create a list of all the materials, or resources, that you think went into producing these goods.



# Factors of Production

- **Factors of Production:** Resources required to produce.
- They Include:
  - **Land-** Natural resources not created by humans
    - Deserts, fertile lands, forest, mineral deposits, etc.
  - **Capital-** human made good that produce other goods:
    - Tools, equipment, factories, machines
  - **Labor-** mental and physical capacity of workers to produce goods
    - Workforce
  - **Entrepreneurs-** Business owners, salesmen, etc. Also known as a risk taker looking for financial gain.
- Why is money not considered capital in economics?

# The Four Factors of Production

